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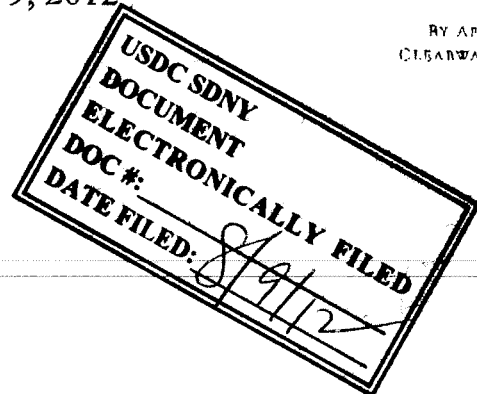
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MEMO ENDORSED

August 9, 2012



VIA FAX: 914 390-4170
Hon. Vincent L. Briccetti
United States District Courthouse
300 Quarropas Street, Room 630
White Plains, NY 10601

Re: J.K. Scanlan Co., Inc. v P. Sala & Sons Construction, Inc. et.al.
(7:11-cv-05563-VLB)

Dear Judge Briccetti:

Kindly be advised that this law firm represents the Defendants P.Sala & Sons Construction, Inc. and Joseph Sala ("Sala") in the above captioned action.

The Court may recall that this action involves two large construction projects (Orchard Hills and Vineyard Commons) in New York's Hudson Valley wherein Plaintiff, J.K. Scanlan Company, Inc. ("Scanlan"), was the general contractor and Sala was the site and excavation subcontractor.

During the telephonic conference that counsel for all parties participated in with the Court on July 9, 2012, the Court gave Defendant until today, August 9, 2012, to make an application for leave to implead Plaintiff's surety (Arch) on its payment bond and to amend our Answer to include counterclaims against Plaintiff on certain facts discovered after Defendant's Answer was filed.

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CORBALLY GARTLAND AND RAPPLEYEYEA LLP

Hon. Vincent L. Briccetti

August 9, 2012

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Since our conference with Your Honor, my firm has had discussions directly with counsel for Plaintiff's surety and we have good faith reason to believe that those discussions may, in fact, lead to a settlement not only with the surety who we intended to implead but also with the Plaintiff herein. The surety has requested, quite reasonably, that they be given thirty (30) days to complete their due diligence and construction project "audits" in an effort to assess and quantify their potential exposure to a claim from Defendants and conduct settlement negotiations.

We have discussed our request for an extension with counsel for Plaintiff who has authorized us to represent to the Court that Plaintiff has no objection to this request.

We most respectfully request your honor grant Defendants Sala until September 10, 2012 to either effect a global settlement of this action or, in the alternative, file for leave to amend its Answer and implead Plaintiff's surety.

Very truly yours,

Corbally Gartland and Rappleyea, LLP

Vincent L. DeBiase

VLD/rew

cc: Michael J. Connolly, Esq. (Scanlan) Fax: 617-678-4119
Lawrence S. Novak, Esq. (Arch) Fax: 516 240-8950

APPLICATION GRANTED
SO ORDERED
VINCENT L. BRICCETTI
U.S.D.J.

8/9/12